

## THE MARKETING MIX OPTIMIZATION

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### **Abstract**

*The paper presents the marketing mix and the necessity of the marketing mix optimization. In the marketing mix a particularly important issue is to choose the best combination of its variables, this lead to the achievement objectives, in time. Choosing the right marketing mix is possible only by reporting information to some clear benchmarks, these criteria a related to the objective of the company at the time of analyze. The study shows that the companies must give a great importance to optimize the marketing mix, because of how its combines and integrates company policies relating to the product, price, distribution and promotion, depends the success or the failure on its market. The practice has shown that if an element of the marketing mix is wrong implemented, marketing strategies and programs do not achieve their objectives, and the company can not generate the expected profit.*

*To optimize the marketing mix, companies should consider the following issues: the resources (materials, financial and human), which will be properly allocated to all the elements of the marketing mix, the specific marketing tools and the relationship of interdependence of all the methods and tools used to optimize the marketing mix.*

**Key words:** marketing mix, marketing mix optimization, marketing mix variables, marketing strategies.

**Clasificare JEL :** M31

### **1.Introduction**

The marketing mix is a continuation of the marketing strategy, that means after the company defines its strategic objectives relating to market, must further develop detailed strategies on product, price, place, promotion.

From the conceptual point of view, the term “marketing mix” was developed by professor Neil H. Borden to describe the right combination for a particular set of circumstances, the four key elements, which constitute the main part of any marketing program in a company [11].

The marketing mix was created by Neil Borden in 1964, meaning the idea of proper allocation and use of key marketing variables, which the company is active on the market. At the beginning Neil Borden identified 12 variables: product, price, brand, distribution, personal selling, advertisement, sales promotion, packaging, the display of products, after sales services, logistics and marketing research.

Borden’s model was simplified later by Jerome McCarthy, summarizing the marketing mix to the 4P: product, price, place, promotion.

The marketing mix is the combination of company resources (material, financial and human) in the marketing programs that are considering in achieving company objectives.

Another definition of “marketing mix” concept, as the combination of endogenous factors controlled by companies that market will be able to get the maximum effect, taking into account the circumstances [12].

Now, the specialized literature defines the components of the marketing mix, by combining all the tools available to the company, around the four pillars of the marketing activity, namely product, price, place, promotion [2].

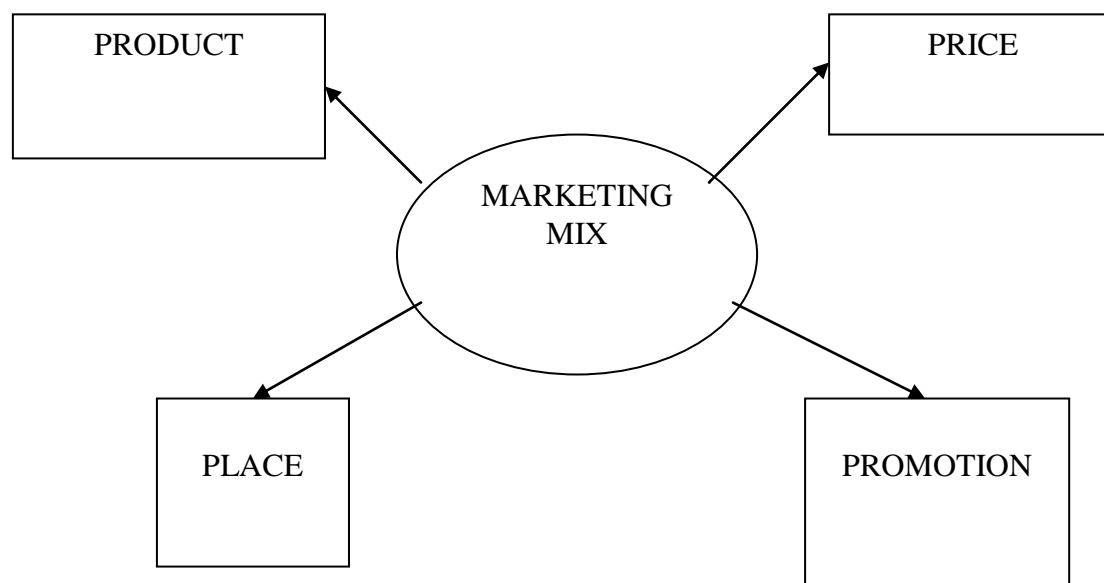


Figure 1. The marketing mix

Source: Kotler Ph., (2002) *Marketing Management*, Teora Publishing, Bucharest.

## 2. The marketing mix optimization

The marketing mix optimization involves highlighting of all possible combinations of the marketing mix, quantification effort and result for each version and select the best version, which leads to the achievement of business objectives.

The importance of the marketing mix optimization is presented also in romanian literature, when defining the marketing mix as blending (mixing) and dosage of the four variables that are combined and optimized into a entire whole, that causes the most impact on the market. [4].

Thus, depending on the objectives that the company has, it can change the marketing mix variables (for example, a lower price of a product can be combined with a lower cost for promotion or a better quality product can be combined with a low effort promotion and distribution but with a higher price of the product).

In the opinion of Dibb S., Simkin L., Pride W. M., Ferrell O. C., expressed in their book “Marketing: concepts and strategies”, for each component of the marketing mix decisions are distinct and specific activities that the company must consider.

## 3. Steps in optimization of the marketing mix

In order to optimize the marketing mix, it is better to make the following steps:

- Description of the product or service market;
- Study of market, considering the consumer preferences and experts opinion;
- Measuring market reactions to marketing actions of the company;

- Simulation and testing different possible models in order to optimize the marketing mix and choosing the final version will be implemented;

#### 4. The decisions and the activities related to the marketing mix

The main decisions and activities related to product are: new product development and market testing, modification of existing products, disposal of products that do not meet consumer, marking policy formulation and launch of new brands, creating safeguards and procedures for granting them, setting the packaging and packaging characteristics (material, size, shape, color, pattern).

The most important decisions and activities related to price are: analysis of competitors prices, implementation of pricing policy, selecting the method for determining the price, determination of discounts for different types of customers, establish terms and conditions of sale.

The main decisions and activities related to promotion are: setting promotional objectives, determination of the major forms of promotion, advertising media selection and scheduling, developing advertising messages, measuring the effectiveness of advertising, planning and implementation of sales promotion efforts, evaluation and selection of sponsorship actions, planning for direct marketing.

The most important decisions and activities related to distribution are: analysis of existing distribution channels, creating relationships with distributors, establish distribution centers, design and implement procedures for the efficient transport of products, establish inventory management model, analysis of transport methods, minimizing the total cost of distribution, analysis of the possible location of the points of sale, recruiting and training the workforce, establishment of sales areas [1].

##### Decisions and activities related to the marketing mix

Table nr.1

Marketing mix	Decisions and activities
Product	<ul style="list-style-type: none"> <li>• New product development and market testing;</li> <li>• Modification of existing products;</li> <li>• Disposal of products that do not meet consumer;</li> <li>• Marking policy formulation and launch of new brands;</li> <li>• Creating safeguards and procedures for granting them;</li> <li>• Setting the packaging and packaging characteristics (material, size, shape, color, pattern).</li> </ul>
Distribution	<ul style="list-style-type: none"> <li>• Analysis of existing distribution channels;</li> <li>• Creating relationships with distributors;</li> <li>• Establish distribution centers;</li> <li>• Design and implement procedures for the efficient transport of products;</li> <li>• Establish inventory management model;</li> <li>• Analysis of transport methods;</li> <li>• Minimizing the total cost of distribution;</li> <li>• Analysis of the possible location of the points of sale;</li> <li>• Recruiting and training the workforce;</li> <li>• Establishment of sales areas.</li> </ul>
Promotion	<ul style="list-style-type: none"> <li>• Setting promotional objectives;</li> <li>• Determination of the major forms of promotion;</li> <li>• Advertising media selection and scheduling;</li> <li>• Developing advertising messages;</li> <li>• Measuring the effectiveness of advertising;</li> <li>• Planning and implementation of sales promotion efforts;</li> <li>• Evaluation and selection of sponsorship actions;</li> <li>• Planning for direct marketing.</li> </ul>

Price	<ul style="list-style-type: none"> <li>• Analysis of competitors prices;</li> <li>• Implementation of pricing policy;</li> <li>• Selecting the method for determining the price;</li> <li>• Determination of discounts for different types of customers;</li> <li>• Establish terms and conditions of sale;</li> </ul>
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Adapted after Dibb S., Simkin L., Pride W. M., Ferrell O. C., Marketing: concepts and strategies, Houghton Mifflin Publishing, 2000. ☒

## 5. Conclusions

In the marketing mix a particularly important issue is to choose the best combination of its variables, this lead to the achievement objectives, in time. Choosing the right marketing mix is possible only by reporting information to some clear benchmarks, these criteria a related to the objective of the company at the time of analysis. Thus, if the company aims to increase its market share rapidly, then its immediate goal is to increase sales volume, in this case the best solution is a combination of marketing mix that leads to maximize sales (at an acceptable level of profit) this version contains usually version low price. Also, if the objective of the company is to increase the profit, the best solution is one in which the profit is maximum, this version contains, usually high price variable.

The most common concrete possibilities for optimizing the marketing mix, within the organization are:

- Remodeling product mix;
- Repositioning of products on the market;
- Finding new ways leading to cost optimization;
- Linking pricing policy with the evolution of environmental factors and the new mix of products;
- Optimize transportation costs;
- Improve current actions of promotion and promotional mix optimization

To optimize the marketing mix, companies must consider the following issues:

1. An important role should be given to company resources (materials, financial and human), which will be properly allocated to all the elements of the marketing mix;
2. Its better, the company have acted always on the market, with a lot of specific marketing tools;
3. All the methods and tools used to optimize the marketing mix must be in a relationship of interdependence. Also, the degree of integration of resources, methods and tools must be high.

In conclusion, I think that the companies must give a great importance to optimize the marketing mix, because of how its combines and integrates company policies relating to the product, price, distribution and promotion, depends the success or the failure on its market. The practice has shown that if an element of the marketing mix is wrong implemented, marketing strategies and programs do not achieve their objectives, and the company can not generate the expected profit.

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